

Indonesian Air Force

THE EIGHTH YEAR OF A FREE NATION

1952 August 17, 1953



Republic of Indonesia







Preface

by

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Eight years ago the proclamation of Indonesian independence signalled the beginning of a new era for our nation and our people. On August 17, 1945 the Indonesian nation came to life again, after 350 years of outside rule. We fought for our freedom, and won it. But this victory was not, of course, an end. It was the opportunity to begin the tremendous task of building a new national community out of our smashed cities and ravaged countryside.

We were then, as now, potentially rich—after the United States and the Soviet Union, the world's third richest country in natural resources. Our resources, however, were still in the ground. Our earth had been scorched. Many of our factories were destroyed, and thousands of our people sick, wounded, and hungry. Further, we had to overcome the handicap of a colonial-type agricultural economy that did not allow us to produce more than a small percentage of the goods we needed. The most forbidding handicap of all was the shortage of trained personnel. It should be remembered that when the Republic of Indonesia came into being only *seven per cent* of our people could read and write.

That was our situation. Today, looking back across eight years, Indonesians may ask themselves: "Have we measured up to our task? Have we made freedom *mean* something, in terms of progress and a better life for our people?"

The answer is certainly yes. This may be said, even with full realization that we have made mistakes, and will undoubtedly make more mistakes before we build ourselves into one of the world's great nations. Yet consider what a long distance we have come since the spectacular days of 1945. Consider, for example, that in this month of this year more than 40 per cent of the Indonesian people can read and write. Let us regard with pride the numerous factories we have repaired and built, the roads and rail lines that have been laid down, and our growing air and merchant fleets, the hundreds of new schools and hospitals we have created where there were none before.

We may also be proud of Indonesia's record in foreign relations. We count our Republic the friend of all countries and the foe of none. It is not too much to say that our diplomats have worked most effectively for peace in and out of the United Nations.

The world knows we are devoted to the cause of peace. We join others in thanking God that the tragic Korean conflict has been brought to a halt.

In this coming year, Indonesians look forward to these things:

1. Peace in the world.
2. The first national elections in our history.
3. Trade with all nations on a basis of mutual benefit.
4. Greatly increased production at home, so that our people may have more of the world's goods.

The Indonesian Government and people look forward to continued friendly relations with the governments and peoples of all the world.



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I. STATE OF THE NATION - AUGUST 17, 1952

Indonesia's eighth year of Independence began with growing stress on the Republic's foreign and economic policies. They were to some extent inter-related. It was a foreign policy decision, for example, that led Indonesia to abide by the United Nations ban on the shipment of strategic materials to China. The repercussions of this decision were economic, for Indonesia's main export, rubber, came under the ban.

While the enduring Korean War continued to test the nation's independent foreign policy, lower world prices for Indonesian rubber and tin put increasingly heavy pressure on the economy. Midsummer 1952 saw the development of an unfavorable balance of trade and a growing foreign exchange deficit.

To counterbalance this, security conditions throughout Indonesia were much better than they had been for many months. With all but a handful of the members of Parliament giving the Cabinet of Prime Minister Wilopo a vote of confidence, the Government had solid national backing. At the end of July President Soekarno had been able to sign a decree ending the "State of Siege" for a large part of the Republic. The "State of Siege" Law -- not as severe as it sounded -- gave military commanders wide powers to deal with subversive activities. These powers were now deemed unnecessary except in parts of West Java and South Celebes.

This was encouraging because greater unity meant more production in Indonesia. Production, it was emphasized by virtually every Government speaker on August 17, the Seventh Anniversary of Indonesian Independence, was the one all-embracing answer to most of the nation's problems.

President Soekarno Speaks

President Soekarno made this clear in an hour-long address to the Indonesian people. "Unity and hard work," he said, were needed to transform

national ideals into reality. The President's words were carried throughout the country by Radio Republik Indonesia. He spoke to a huge crowd surrounding Merdeka Palace, in the presence of the Cabinet, members of Parliament, and the diplomatic corps.

He said the Republic's independent foreign policy was neither isolationist nor passive. Indonesia would not lock itself "in splendid isolation," he declared.

"We don't remain quiescent. We strive, we plan, we extend our hand left and right. We are aware that in the world society of today... whose members are interdependent... it is no longer possible to implement a policy of isolation -- indeed it can lead us to destruction. Our independent policy is dynamic.... (It) seeks to draw closer to other countries, with the aim of promoting world peace in harmony with our national interests and the Pantjasila."*

Later in the year, and in the first months of 1953, the President's description of Indonesian policy was to be translated into strong action by the Republic's representatives in the United Nations, in a number of moves to help end the Korean conflict. (The independent policy was also clearly defined in Vice-President Dr. Mohamad Hatta's incisive article in the Spring 1953 number of Foreign Affairs Magazine. See P.36)

The President struck hard on the issue of colonialism, reaffirming Indonesia's support of the Tunisian nationalist movement. "Wherever there is colonialism it should be abolished," he said. Always outspoken on Indonesia's claim to West Irian (New Guinea), currently occupied by the Netherlands, he declared that the situation in the disputed territory was a "thorn in the flesh of the Indonesian people." He said: "So long as West Irian represents a power concentration of the remnants of the former Netherlands East Indies, that long will Indonesians feel themselves threatened from that direction...."

President Soekarno urged the thousands of Indonesians before him, and the millions listening to the nation-wide broadcast, to rededicate themselves to the job of building a great country. "To recapture the spirit of the Proclamation, we must have, first, a spirit of national freedom; second, a serious determination to forget self for the sake of the commonweal; third, a spirit of unity, and fourth a spirit that does not know how to be tired dedicated to the reconstruction of the nation," he concluded.

* The five principles of Indonesian Statehood -- Belief in God, Humanitarianism, Nationalism, Democracy and Social Justice.

II. THE ECONOMY

A week before the President's Independence Day address, it was brought home to the Indonesian people that the national economy was in need of strengthening. The Finance Ministry announced curbs on the import of luxury goods into Indonesia. Imports were divided into four classes;

- A. Goods essential for daily living.
- B. Goods useful for daily living, but not absolutely essential.
- C. Luxury goods for which importers may obtain foreign exchange.
- D. Luxury goods for which no foreign exchange is available.

Imports Limited

Importers had to pay an inducement of 100 per cent of the c.i.f. price on Class B goods. (For example, if an article cost \$1.00 the importer had to pay 22.80 rupiahs, or twice the official rate. For Class C goods the inducement was 200 per cent.)

In addition, the Foreign Exchange Institute ruled that until further notice banks would not be permitted to handle import credits. While imports were being restricted, exporters were encouraged by a lowering of duties on rubber, palm oil & palm kernels, and copra.

The Background

In a report to the annual meeting of the stockholders of the Java Bank held in July,* President-Director Dr. Sjafruddin Prawiranegara (who was Finance Minister in the Natsir Cabinet) gave the background of the Republic's economic situation:

"...The economic development of Indonesia in 1951 was marked by a strongly increasing prosperity in certain sectors of the national economy, caused by temporary factors. On the other hand, only partial progress was made in the matter of lasting structural improvement. The most important of these prosperity-making influences -- apart from local circumstances -- was the Korean conflict, which brought about major increases in the prices of and demand for raw materials..."

"Indonesia had the good luck to find itself in the middle of an economic upsurge during the past year. The temporary nature of this favorable economic trend is too little realized... the basis of Indonesia's production is too narrow and it will have to be expanded considerably. Only an expansion of the national income and broadening of the basis of production can lead to greater prosperity..."

* Net profit for the Bank's 124th year was 4,001,639 rupiahs. The Stockholders received a dividend of 15 per cent.

1890-1891

Received of the Hon. Secy. of the Interior, for the purpose of the purchase of land for the establishment of a reservation for the benefit of the Indians of the tribe of the same name, the sum of \$100,000.

Witness my hand and seal this 1st day of March 1891.

JOHN M. WATSON, Secy. of the Interior.

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A Radio Indonesia broadcast from Djakarta August 4 announced new measures reducing taxes for the lower income groups and also cutting the property tax. Incomes of less than 30,000 rupiahs a year would pay a rate of 10% -- half the previous tax. The new rates were instituted, Radio Indonesia said, because the Government believed the previous taxes were a deterrent to private initiative. In general, the new import regulations were approved by the Indonesian press. Socialist Pedoman said: "Considering its current financial position, our Government has no choice. The important thing.....is that more people will no longer be able to buy luxury goods....The steps taken so far by the Wilopo Government in the economic and financial fields, such as decreasing various taxes and the reduction of additional export levies on several kinds of raw materials, have decreased the burden on producers and may succeed in influencing the community to work harder to increase production...."

The question seemed to be -- would the encouragement given to private enterprise overbalance the loss of State Income resulting from the new measures?

Dr. Sumitro Reviews Indonesia's Economic Situation

While these discussions were going on Finance Minister Dr. Sumitro Djojohadikusumo brought the country to attention with a 45 - minute address over Radio Indonesia. He told Indonesians frankly that the Republic's economic condition was serious. (His address was titled: "Facing The Situation".) These were the difficulties:

1. A deficit of 4 billion rupiahs in the current year's budget.
2. Decreasing exports.
3. A tendency toward increased imports.
4. The upward pressure of costs.
5. The rising cost of living.
6. Deterioration of Indonesia's balance of payment position.
7. The drain on the nation's monetary reserves.

The Finance Minister said the Government rejected a policy of deflation to reduce the budget deficit. "On penalty of complete disintegration of our economic and social life, we must succeed in maintaining and increasing the economic resistance of the community," he declared. Dr. Sumitro listed the major steps taken by the Government to reduce the budget deficit. They were: (a) to increase the volume of exports (b) extension of food production (c) application of modern agricultural methods (d) establishment of central processing plants, and (e) extension of the cooperative movement. In addition,

My dear Mr. [Name],
I have just received your letter of the 14th inst. and am
glad to hear that you are well. I am
also well and hope this finds you the same.
I have not much news to write at present.
The weather here is very pleasant at present.
I have been out for a walk every day.
I have also been to the [Name] and
[Name] and have seen some very fine
[Name] and [Name].

I have also been to the [Name] and
[Name] and have seen some very fine
[Name] and [Name]. I have also been
to the [Name] and [Name] and have
seen some very fine [Name] and [Name].
I have also been to the [Name] and
[Name] and have seen some very fine
[Name] and [Name]. I have also been
to the [Name] and [Name] and have
seen some very fine [Name] and [Name].

I have also been to the [Name] and
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[Name] and [Name]. I have also been
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[Name] and have seen some very fine
[Name] and [Name]. I have also been
to the [Name] and [Name] and have
seen some very fine [Name] and [Name].

he mentioned (f) the highway construction project for Sumatra (g) the reclamation plan for Borneo, and (h) industrialization programs being carried out in various parts of the country.

The Finance Minister pointed out that there was a great deal of money in circulation in Indonesia's cities (an inflationary condition), while there was inadequate purchasing power in villages and outlying areas (a deflationary situation). The country's immediate task was to prevent these discrepancies from worsening, he said. The Government would foster reconstruction and industrial projects to keep the discrepancies in check. He told his listeners that the Republic's present fiscal policy was based on the plain and simple principle: "alleviate, if necessary eliminate, burdens that might discourage production, but soak those who play around with surplus money."

Dr. Sumitro summarized the measures taken by the Government in the past five months to bolster Indonesia's economy:

1. Reduction of income tax scales, lessening the rate of progression.
2. Reduction of wage taxes for the lowest income brackets.
3. Lowering the extra export duties that have been in force, to improve Indonesia's competitive position in world markets.
4. Controlling and decreasing the rates of Dollar Export Certificates.
5. Drastic limitation of imports, by indirect controls.
6. Cuts in Government expenditures abroad.
7. Economies in public outlays.
8. Abolition of free transportation (for most Government officials).
9. Reorganization and improvement of Government administrative apparatus.
10. Advance cash deposits of 40% required for all foreign exchange transactions, to tie up surplus liquidity.
11. No transfer of profits, or transfers based on depreciation, are permitted if they are financed by bank credits or loans.
12. Credit facilities have been expanded for productive activities in rural areas.

13. Development plans of importance in islands outside Java are being carried out.
14. Rural development of small - scale industries.
15. Large - scale industrial projects now in preparation.
16. Preparations for speedy construction of highways in Sumatra, to be started by a foreign organization on a contract basis.
17. Inheritance tax to be reimposed.
18. Heavy luxury taxes to be imposed on private passenger cars.
19. Indonesian participation in the International Monetary Fund and the International Bank for Reconstruction and Development.

Indonesia's problem is not primarily one of finance and money but of production and hard work, Dr. Sumitro concluded. "We must do the impossible - and even if and when we do the impossible, the possible is still far off," said the Finance Minister, "But we accept the challenge."

Overcoming the Rice Shortage

In his report to the Java Bank stockholders, Dr. Sjafruddin Prawiranegara had taken note of Indonesia's chronic rice shortage. This was one of the Wilopo Government's major concerns. In 1951 the Republic had imported 400,000 tons of the nation's staple food. In 1952 it was estimated that 600,000 tons would have to come from abroad. Large-scale imports of foodstuffs were unhealthy for the economy, Dr. Sjafruddin said.

Secretary-General Gunung Iskander of the Agriculture Ministry disclosed in September that the Government was developing an ambitious program to make Indonesia self-sufficient in rice.

A major part of the new program would consist of opening new farm land, constructing irrigation dams, building roads through virgin jungle and the reclamation of wasteland. New roads in North Sumatra would give access to farm lands that should produce at least an additional 30,000 tons of rice in a single year, the Secretary-General said. About five thousand acres of rice land in East Sumatra would be opened up for rice production, with the aid of Government tractors. Meanwhile the greatest project of all -- the huge swamp-drainage program in Borneo (Kalimantan) would reclaim many thousands of acres for rice cultivation. In addition, 100,000 acres of riceland in Central Java were to be irrigated following completion of a hydro-electric power dam at Jatjaban.

Questions of Nationalization - Oil & Tin

At the end of September the disposition of two of Indonesia's most important

natural resources was being discussed in press and political circles. The products in question were oil and tin. The problems were whether to

(a) return the North Sumatra oil fields to the BPM Oil Company, the original owners.

(b) take over operation of the Banka tin mines from the GMB Billiton Company.

The North Sumatra installations had been seized by the Japanese when they occupied Indonesia in 1942. In 1945, shortly after the Republic's declaration of Independence, Indonesians took the fields from the surrendering Japanese. Indonesian technicians rebuilt the damaged facilities, and started operations. They held on to the North Sumatra fields throughout the struggle for Independence. The question now arose -- since the fight was over, what should happen to these oil lands. Undeniably, in the colonial era, they had been the property of Netherlands interests. Yet the continuity of ownership had been broken by more than ten years of war and political change. Indonesians had manned the fields. Indonesians were working them now.

In August, a specially-appointed State Mining Commission under Home Affairs Minister Dr. Mohamad Roem decided by majority vote that the oil land should revert to BPM. This decision provoked a strong reaction from nationalist groups in Parliament. Generally, the Nationalist Party (P.N.I.) favored nationalization, while the Masjumi Party was generally inclined toward returning the installations to their former owners. Economic Affairs Minister Sumanang -- a P.N.I. member -- declared at a press conference September 19 that return of the land would be justified politically and economically. "If necessary we could follow the example of Iranian Prime Minister Mossadeq," he said, but added that the Republic should beware of taking too hasty action. He noted that the oil companies in Indonesia were paying 60,000,000 rupiahs a year in taxes. There were hitherto unexploited oil fields in Indonesia that could be developed by Indonesian capital, the Economic Affairs Minister said. *

The Djakarta daily Merdeka commented: "The constitution says the natural riches shall be controlled by the State. This principle leaves no room for misunderstanding concerning the mines in Indonesia. We don't deny that Indonesia lacks its own mining experts. But this does not mean that BPM will automatically get back the oil fields in North Sumatra." Merdeka asked: "Would it not be wiser to continue exploiting the resources which are already in our hands, with the assistance of foreign experts, to meet the demands of the home market only? Other natural resources now being exploited by foreigners can then continue producing for the world market."

The issue of the North Sumatra oil fields gradually assumed the status of a permanent disagreement between two groups in Parliament. It was one of the so-called "frozen questions" that eventually in the early summer of 1953 led to the resignation of the Wilopo Government.

The decision of the Government to take over operation of the Banka Tin Mines was a very different matter. The GMB Billiton Company's contract to

* The North Sumatra fields produce only a small percentage of Indonesian oil. There has been no question of nationalizing the big oil-rich areas, for example, near Palembang where foreign companies continue operating.

It is a common mistake to suppose that the only way to improve the world is by changing the government.

But the truth is that the only way to improve the world is by changing the people.

For the people are the only ones who can make the world a better place.

And the only way to change the people is by education. Education is the only way to give people the knowledge and the power to improve their lives. Education is the only way to give people the ability to think for themselves and to make their own decisions. Education is the only way to give people the courage to stand up for their rights and to fight for their freedom.

Education is the only way to give people the ability to understand the world and to see the truth. Education is the only way to give people the ability to see the world as it is, and not as they wish it to be. Education is the only way to give people the ability to see the world as it is, and to see the world as it should be. Education is the only way to give people the ability to see the world as it is, and to see the world as it should be. Education is the only way to give people the ability to see the world as it is, and to see the world as it should be.

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operate the mines expired in February.

Before World War II the Banka Mines were operated by the Netherlands Indies Government as State enterprise. During the Japanese invasion and occupation of Indonesia most of the specialists on Banka Island were killed. After the war, the Netherlands colonial administration reoccupied Banka. The GMB Billiton Company -- 3/8ths privately owned and 5/8ths owned by the Indonesian Government -- had always been a private tin-producing enterprise. It was asked to run the Banka Mines, since most of its personnel had escaped death at the hands of the Japanese. The contract was for five years.

As soon as the contract expired, the Indonesian Government decided to return Banka to its traditional status as a State enterprise. The action did not represent a move toward nationalization.

On Billiton Island, the Billiton Company's concession was renewed until February 28, 1958.

III. A PRESIDENTIAL "WHISTLE STOP" TOUR OF CENTRAL JAVA

In an Indonesian equivalent of an American President's "whistle stop" tour of the countryside, President Soekarno visited scores of towns and villages in Central Java during September. He was not, of course, running for office or promoting the fortunes of any political party. The purpose of his trips to the provinces of Indonesia is to unify the nation. In Central Java, traveling much of the time by car, he covered nearly 2,000 miles and delivered fifty speeches.

In such towns as Demak, Djapara, Kudus, Pati, Rembang, and Blora thousands turned out to cheer the chief executive. Significantly, wherever he went he was met by posters and demonstrations demanding the return of West Irian. At Pati the President emphasized to an audience of ten thousand that the claim to West Irian was not simply that of "Bung Karno", but of the entire nation. "Indonesia may change its President, but the national claim will be maintained," he said.

He touched on many matters in the different communities, coming down again and again on the theme that the Indonesian people would have to work hard to gain prosperity for themselves and the nation.** At Djapara the population

* Literally, "Brother Soekarno", as American crowds in the same month were hailing "Ike" and "Adlai".

** Meanwhile education authorities in the province announced that 561,000 persons had graduated from literacy classes in Central Java. This left 8,000,000 of the province's 15,000,000 still to be taught how to read and write. With 8,500 classes currently in session, and more being set up every day, Central Java expected to complete its intensified literacy drive in ten years.

lifted him out of his car and carried him to the platform where he was to make his address. Later, at Demak, he visited the first mosque built in Indonesia where several old Javanese kings are buried. He stood beside the grave of the pioneer leader of Indonesian women, R.A. Kartini, in the town of Rembang. Time and again the presidential cavalcade was stopped by crowds massed along the road, and could not go on until he addressed the throngs. He urged the farmers not to long for the city. They had big jobs to do in their own villages. He told them: "Work from dawn to sunset to contribute your share to the prosperity of our country."

IV. THE ARMED FORCES CONTROVERSY

The President arrived back in the capital to find Defense Minister Hamengku Buwono, the Sultan of Jogjakarta, under strong criticism in Parliament. The trouble was sparked by a Defense Ministry decision to suspend General Staff officer Colonel Bambang Supeno for "undisciplinatory" actions. Although the specific charges were not made public, it was clear that factional differences had divided the top echelons of Indonesia's Armed Forces. The Defense Minister was called before Parliament October 1 to explain his policies. Despite a vigorous accounting of what he was trying to accomplish, voices in Parliament continued to call for changes in the Defense establishment.

The October 17 Affair

On October 16, Parliament passed a motion by Manaai Sophian of the P.N.I. calling for the early withdrawal of the Netherlands Military Mission from Indonesia and the appointment of a State Commission "to put forward concrete proposals for changes in the top echelons of the Defense Ministry itself and in the Armed Forces." The vote was decisive, 91 - 54.

On October 17 a massive demonstration took place in the streets of Djakarta. The demonstrators shouted their support of Defense Minister Hamengku Buwono, the Sultan of Jogjakarta. They demanded the dissolution of Parliament and the holding of early elections.* Crowds entered the Parliament Building and wrecked furniture there. Later they assembled in front of the Presidential Palace. President Soekarno appealed to the demonstrators to show a spirit of moderation. He declined to dissolve Parliament, saying he did not want to act as a dictator. Public opinion in other parts of Indonesia would have to be assessed before any such action could be taken. He reminded his listeners that Indonesia's first general elections would be held as soon as possible. After hearing him, the crowds dispersed.

During these twenty-four hours, the Army was much in evidence. Over the weekend (October 17 was on a Friday) an 8 P.M. to 5 A.M. curfew kept the population indoors. In the confusion a number of right-and left-wing members of Parliament were taken into "protective custody". (These ranged from former Prime Minister Dr. Sukiman of the Masjumi Party to Communist Party leader Sakirman.) Two newspapers, Merdeka and Berita Indonesia, which had approved Parliament's vote, were closed. Train and plane traffic in and out of the

* Members of Indonesia's provisional parliament were appointed by the political parties, according to a system of proportional representation established by a presidential committee.

capital were strictly controlled. The general public did not know that a group of Army Territorial Commanders had called on President Soekarno and tried to persuade him to dissolve Parliament. The Indonesian people did not learn until some days later that the demonstrations had not been spontaneous at all. It turned out that they were organized by certain Army officers.

Background of the Affair

The Defense Ministry and the Armed Forces had been under fire in Parliament for some time. These were the main reasons:

1. The Organization of the Army. The Defense Minister and top headquarters officers in Djakarta wanted to limit the Indonesian Army to 100 battalions. Their idea was to reorganize the Army into a relatively small, compact striking force built along Western lines. They wanted to accomplish the reorganization immediately, a move that would bring about the discharge of some 100,000 soldiers within a few months. Adherents of this view argued that Indonesia did not have the money to maintain a large army. Budget slashes announced by Finance Minister Dr. Sumitro Djojohadikusumo in his message to Parliament were cited to support their position.

Many legislators and Army officers disagreed with this plan. They felt that a virtually overnight reduction of the Armed Forces would have a negative effect on military and civilian morale. To dump thousands of men back into civilian life all at once would create a number of serious problems, this school of thought believed. It would, for one thing, bring on tensions resulting from inevitable unemployment, housing shortages, etc., the Defense Minister's opponents contended. Many also felt that the Army should place greater reliance on partisan cadres that had fought so well during the struggle for independence.

2. The Netherlands Military Mission in Indonesia. For the past three years a Military Mission from the Netherlands has been helping to train Indonesians in modern warfare. This meant, ironically, that Indonesian forces were taking lessons from the soldiers they had fought during the struggle for independence. On the technical level Indonesian and Dutch soldiers seemed to be cooperating well enough. There was still a question whether it was wise to maintain even a small Dutch military cadre in Indonesia. Again, the Sultan believed the Mission should stay. His critics wanted the Mission to return to Holland.

3. Charges of Political Maneuvering in the Defense Ministry & Armed Forces. There was criticism in Parliamentary circles of political infiltration in the national defense establishment. In particular, it was charged (and denied) that the Secretary-General of the Defense Ministry, the Armed Forces Chief of Staff and the Army Chief of Staff were sympathetic to the Indonesian Socialist Party. It was said (and denied) that officers were advanced for political rather than military reliability.

4. Army Purchasing Methods. Critics in Parliament also attacked what they called inefficient practices by Army purchasers.

In a two-hour address to Parliament, the Defense Minister answered his critics. He invited the legislators to establish a joint Government-Parliament Commission to study the organization and training methods of the Army. This Commission would recommend whatever changes might be necessary.

At this point there was pending in Parliament a motion of no-confidence in the Defense Ministry authored by non-party member Baharuddin. If passed, it would probably have produced an immediate Cabinet crisis. Opposed to Baharuddin's motion was a counter-recommendation offered by several Government parties (including the Masjumi, Socialists, Labor and Catholic parties). It provided for the establishment of the Committee suggested by the Sultan. But the temper of Parliament made it plain that some kind of disapproval of the Defense Ministry would have to be expressed. Thus the motion of the P.N.I. calling for eventual "changes" in the Ministry and the Armed Forces was approved by Parliament. It was a compromise. It forestalled the left-wing-backed Baharuddin motion (finally beaten 60 - 39), and at the same time paved the way for possible shifts in the nation's military policies.

The Government and the Army

It was now common knowledge that a group of Army officers had been behind the October 17 Affair. Protesting the actions of what they considered to be the military clique in Djakarta, the chiefs of staff of three Indonesian divisions deposed their commanding officers. These three Lieutenant-Colonels -- Sudirman in East Java, Warouw in East Indonesia, and Kretarto in South Sumatra -- swore allegiance to President Soekarno as Commander in Chief of the Armed Forces. What they wanted was a new deal in the Army. They charged their superiors in Djakarta with playing politics and interfering in the political life of the Republic.

In a lengthy statement released November 22, the Government explained what had happened on October 17. There had not been an attempted coup d'etat, it was emphasized. But the Army had temporarily usurped civil authority.

The upshot of the crisis was that the territorial commanders had returned to their posts without having gained their objectives. The Government was then faced with this situation. (1) Some officers had been involved in the Djakarta demonstrations, and something would have to be done to prevent a repetition of the affair. (2) The second group of officers in the provinces, who were rebelling against the tactics of their superiors in Djakarta, would have to be restrained from taking matters in their own hands.

The Government statement of November 22 was aimed at meeting the first part of the problem. The officers who had taken part in the demonstrations were hit hard. The Army had been "participating in the political field," the statement charged. It added: "The Government does not intend to acquiesce in transgression of the limits of military duty, and will take appropriate measures wherever violations have occurred." It declared: "The Government deems it necessary to stress that it cannot agree to participation of some officers and members of the Armed Forces in staging the demonstration.... It cannot approve the Army commanders' demands for the dissolution of Parliament, which action was clearly participation of the Army in the political field." Finally, the

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Government promised to "do its best to restore integrity and unity in the Armed Forces, and continue to work for improvements...."

Following the "relief" of the South Sumatra Commander by Lieutenant-Colonel Kretarto November 23, the Government called back the popular former commander of the South Sumatra area, Colonel Bambang Utojo, from retirement and reappointed him to his old position. But it declared emphatically that "individual acts or steps being taken in the districts" would no longer be tolerated. Lieutenant-Colonel Kretarto promptly yielded command of the Army in South Sumatra to Colonel Utojo.

In the United States, the Washington Post commented on November 24:

"The Indonesian cabinet is to be congratulated on the warning it has issued to the militarists who seem to be hankering for political power in Indonesia....The cabinet has told the military in blunt terms that such political activity in the armed forces will not be tolerated. If the people of Indonesia value their freedom, they will give strong backing to this policy and to the principle of civilian control behind it."

End of the Affair

It was announced December 6 that the Chief of Staff of the Indonesian Army, Colonel Nasution, had been relieved of his duties. The move was termed "the first in a series of measures to implement the Government's declaration of November 22." A number of other officers were also relieved, presumably for the same reason -- complicity in the Djakarta demonstrations.

To replace Colonel Nasution, the Government chose an officer acceptable to both Army factions who at the same time had a mind and a strong reputation of his own. This was Colonel Bambang Sugeng, former Commander of the East Java Division. He had distinguished himself by restoring peace and order in East Java in the months after the transfer of sovereignty. In 1948 he had been active in the campaign to put down the Communist insurrection at Madiun.

Colonel Sugeng's job was to bring the opposing groups of officers together and restore discipline. The assignment would require tact as well as strength. Under the circumstances there would have to be compromises, and the Army's new chief could expect pressures from both factions, as well as political pressures and newspaper criticism.

After conferences in the areas of troubled military discipline (East Java and Makassar in Celebes) Colonel Sugeng decided to appoint Lieutenant-Colonel Warouw head of the Seventh Territorial Division based at Makassar. Colonel Gatot Subroto, whom Warouw had deposed, had previously declined the command and requested retirement. The appointment of Warouw was strongly protested by the Defense Minister. The Sultan felt that it gave "the impression that the Government has only accepted a fait accompli." When the Cabinet backed the appointment, he resigned.

Premier Wilopo eventually took over the portfolio of Defense Minister ad interim.

The appointment of Lieutenant-Colonel Warouw may have been militarily appropriate and realistic, but the Army had also to function in a political milieu. An important power in the Government coalition, the Socialist Party, seemed to be on the verge of withdrawing from the Cabinet in protest against (a) the resignation of the Sultan (b) the appointment of Warouw.

In order to compromise, the Government decided to place Colonel Sadikin, former commander of the Sixth Territorial Division in Borneo, in command of the Seventh Division, over Warouw. This was enough to make Colonel Bambang Sugeng submit his resignation for a few days early in January. But the Government declined to accept it. On January 9 he presided over a meeting of the Territorial Division Commanders. He said the talks went smoothly. He called the meeting "a routine gathering at which the budget was the main subject". Three days later he announced that, in response to an appeal from the regional commanders, he would stay at his post. The Army's troubles were gradually brought under control.

V. THE BUDGET AND ELECTION BILLS

Parliament reconvened November 27, after a recess of one month and ten days. The members had a great deal to accomplish in the weeks to come. Addressing 170 legislators, Premier Wilopo and the Cabinet ministers, and a packed gallery, Chairman Sartono declared that there were no fewer than ten major draft bills to be considered. The two most important legislative packages covered (1) the 1953 budget, and (2) Indonesia's first general elections, scheduled for late 1953 or early 1954. In a broad hint to the lawmakers, Dr. Sartono remarked that there was little need for lengthy debate on the elections bill. It had been carefully worked out in committee, he said.

The Budget Deficit

The budget was a serious problem. The national budget for 1952 was approaching the early estimate of four billion rupiahs. According to Finance Minister Dr. Sumitro Djojohadikusumo, the deficit was a result in part of lower international prices for Indonesian exports. There had also been a decline in the nation's exports until October, when they had begun to rise again. Finally, the Finance Minister pointed out, the Government had laid out sizable expenditures for reconstruction in recent years. Dr. Sumitro told the daily Pemandaran that the 1953 budget deficit would have to be limited to a maximum of 1 1/2 billion rupiahs. This would be difficult, he said, but the Government intended to bring down its expenses through an over-all program of cost-cutting and curtailment of administrative expenses. The Government would also limit Indonesia's purchases in foreign countries.

The General Elections Bill

The Wilopo Government began early to make good on its promise to speed up preparations for Indonesia's first general elections. It was announced November 18 that more than half of 50 million registration cards had been printed ahead of schedule. Planes and ships were carrying the registration cards

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to outlying areas of eastern Indonesia and the Lesser Sundas Islands. Home Affairs Minister Dr. Mohamad Roem and Justice Minister Lukman Wiradinata had completed the draft bill for the election of (a) a Constituent Assembly and (b) a constitutional Parliament. The elections, Dr. Roem said, would be "direct, free, and secret." In December, Parliament began deliberating the measure.

VI. FOREIGN RELATIONS: AUGUST - DECEMBER, 1952

Indonesian diplomats distinguished themselves in the latter part of 1952 by carrying on a consistently vigorous effort to promote world peace. This was done on the floor of the United Nations, and in numerous behind-the-scenes conferences with representatives of other countries. The independent foreign policy also put the Republic in strong opposition to colonialism. Thus, Indonesia supported the independence movements in Morocco and Tunis, backed Egypt in its differences with Great Britain. The nation's press and political leaders called on France to recognize the national aspirations of the people of Indo-China.

Indonesia and Holland

Relations between Indonesia and the Netherlands, excellent in some respects, continued to be affected by the three-year-old dispute over West Irian. There seemed little likelihood that the situation would change in the immediate future. Professor Kernkamp, Minister of the Union and the Overseas Territories, declared that the Netherlands intended to retain its position in the disputed territory.

The Dutch-language daily Nieuwsgier of Djakarta said: "It can be expected that the Indonesian people will look for other ways to realize their national claim. In the Netherlands, people might think that the Netherlands Government policy is a good policy, but Netherlands in Indonesia call it a calamity."

U.N. Hears Indonesia Protest Netherlands Action on Irian

In an address before the Fourth Committee of the United Nations General Assembly October 21, Indonesian Ambassador to the United States Dr. Ali Sastroamidjojo protested the submission of a Netherlands Government report to the U.N. on the administration of West Irian (New Guinea). He pointed out that Indonesians consider West Irian part of the Republic, and believe the Dutch occupation of the disputed territory to be illegal.

"Historically, politically and legally," the Ambassador said, "Irian has always been part and parcel of Indonesia, and it is only because of the unwillingness of the Netherlands Government to cease its unlawful occupation of the territory that it is prevented from enjoying the status of independence with other parts of Indonesia."

He said West Irian did not come under the category of a non-self-governing territory, and Indonesia could not agree to its being listed as such in official United Nations documents. "First and foremost, my Government

wishes to go on record as reserving all its rights, claims, and interests in the only remaining part of Indonesia which is still under colonial rule," the Ambassador emphasized.

Dr. Ali placed before the Committee a sequence of proofs backing the Indonesian claim to West Irian. He cited the wording of the Netherlands Constitution prior to the transfer of sovereignty: "The Kingdom of the Netherlands consists of the territories of the Netherlands, Indonesia, Surinam, and the Netherlands Antilles." No mention is made here of a separate entity known as "New Guinea". It is included in the "Indonesia" category. Secondly, Dr. Ali pointed to Article 1 of the Charter of the Transfer of Sovereignty in which it was agreed that the Netherlands "unconditionally and irrevocably transfers complete sovereignty over Indonesia to the Republic of the United States of Indonesia and thereby recognizes said Republic of the United States of Indonesia as an independent and sovereign state."

Putting these two paragraphs together, it became clear that Indonesia was entitled to sovereignty over the disputed territory, the Ambassador indicated.

With regard to the dispute itself, as formalized in the U.N. - sponsored Round Table Conference agreement, he quoted this paragraph:

"....the status quo of the residency of New Guinea shall be maintained with the stipulation that, within a year from the date of transfer of sovereignty to the Republic of the United States of Indonesia, the question of the political status of New Guinea be determined through negotiations between the Republic of the United States of Indonesia and the Kingdom of the Netherlands."

Here the Indonesian delegate made two vital points. First, the agreement to arbitrate the dispute over West Irian was "inextricably interwoven" with Article 1 of the Transfer of Sovereignty. Secondly, he said, "It is clearly evident -- and I wish to emphasize this -- that no specific provision has been given here to the effect that sovereignty over Irian shall be assigned to the Netherlands in the event of failure to reach agreement on the status of the territory. If that were the case, as has been repeatedly maintained by the Dutch Government, "he went on, "it would be tantamount to inviting the Dutch Government to frustrate from the outset all negotiations."

Dr. Ali told the Committee that the only possible interpretation could be that the status of the territory was still in dispute, and should be resolved by negotiation and other peaceful means. As things stood now, Indonesia no longer consented to the continuation of the exercise of authority by the Netherlands in West Irian. "Consequently, after the formal withdrawal of the consent of my Government thereto, the continuance of the exercise of authority by the Netherlands has no longer any legal foundation."

A Dutch Economist Testifies...

The naming of West Irian (New Guinea) as one of Indonesia's proposed sixteen electoral districts was further evidence that the Republic had no

intention of placing the Indonesian-Netherlands dispute over that territory "in the ice box." The Netherlands was nevertheless going ahead with its own plans for West Irian as though no disagreement existed.

Were such tactics realistic and practical? The Dutch economist J.W.H. Leslie Miller did not think so. In a thesis -- "The Economic Aspect of the West Irian Problem" -- delivered at the University of Utrecht, he declared that Holland faced economic hardship in West Irian and loss of trade with Indonesia, if it persisted in the effort to exploit the territory's resources on its own.

According to the Times of Indonesia, Mr. Leslie Miller based his thesis partly on his own observations when he was a government employee in West Irian. He said that the value of the territory's natural resources was still dubious, and that the capital and labor power to develop the region was "surely" lacking. Labor was the big factor. There were not enough workers in the area to be employed in western estates and enterprises. And Western labor would not be able to work under the conditions imposed by West Irian's unfavorable climate. The supply of "cheap labor" from China was, of course, no longer available, Leslie Miller said, and Japanese labor was "to be feared." He considered the attempted colonization of the area by Indo-Europeans to be a failure.

He added: "Before the constitutional status of West Irian is clear neither Dutchmen nor Indo-Europeans should be encouraged to move to this area."

Indonesian labor was the answer. But obviously the Republic would not permit its nationals to work in West Irian under present circumstances. The Dutch themselves would fear an Indonesian "influx" there. Leslie Miller urged that the Netherlands Government seek an agreement with Indonesia on governing West Irian "which will be advantageous to all concerned and which will bring prosperity," the Times of Indonesia reported.

Indonesia and Japan

At the end of a one-week conference the Indonesian Chamber of Commerce and the visiting Japanese Economic Good Will Mission released a joint statement November 24 stressing the desirability of Indonesian and Japanese enterprise working together in the interests of (1) helping to develop Indonesia's national economy and (2) aiding Japanese economic reconstruction. Both delegations "firmly believed" that economic relations between the two countries should be based on "mutual benefits." The Conference acknowledged its "limited effectiveness", since diplomatic relations between the Indonesian and Japanese Governments as yet have no exact form.

(NOTE: Indonesia's former Foreign Minister Dr. Achmad Subardjo signed the Japanese Peace Treaty at San Francisco, but the pact has not been ratified by the Indonesian Parliament. Early in 1952 Indonesian and Japanese delegations worked out a separate interim reparations agreement, but this also has not been ratified.)

The Conference studied questions of shipping, system of payment, and other matters hampering a steady flow of commerce. Basically trade will be

in the form of Indonesian raw material exports for Japanese industry, and imports of capital goods and equipment for the industrialization of Indonesia. Japanese technical assistance for Indonesia and the training of Indonesian personnel in Japan was also the subject of lengthy discussion at the Conference.

Indonesia and West Germany

Following his two-month visit to West Germany, Dr. Asmaun, chief of the Economic Affairs Ministry's foreign trade department, revealed that a West German trade mission would come to Indonesia shortly to negotiate a renewal of the trade agreement between Indonesia and West Germany. Dr. Asmaun went to West Germany to explore the possibilities of expanding trade between the two countries.

There were definite opportunities for building up trade with West Germany, the Economic Affairs Ministry official said. He noted, however, that "difficulties regarding payments should not be ignored." He pointed out that Indonesia needed money to pay for its imports from West Germany. Credits might not be available, since Germany's "capabilities in this field are also limited." Dr. Asmaun emphasized the importance of the West German trade mission's impending visit to Indonesia, as an aid, among other things, in settling the payments question.

Indonesia in the United Nations

Indonesia reaffirmed her faith in the U.N. October 24 in ceremonies marking United Nations Day. In an address, Premier Wilopo declared that the very existence of human society depended on continuous international cooperation. The United Nations, he said, "is the most powerful machinery for peace ever devised."

The resident representative of the U.N. Technical Assistance Organization in Indonesia, John S. Reid, commented: "Whereas in the beginning of the United Nations there was pessimism and cynicism as regards the world body, today a healthier state prevails.... Since the admission of the Republic into the United Nations Indonesia has taken a courageous and progressive stand on all issues. That promises well for the health of the United Nations and for the people and prosperity of the world."

Some of the nation's top-ranking officials headed the Indonesian delegation to the session of the U.N. General Assembly beginning in November. Among the Republic's representatives were Foreign Affairs Minister Moekarto Notowidigdo; Mr. L.N. Palar, permanent delegate at the U.N.; Ambassador to the United States Dr. Ali Sastroamidjojo; Dr. Abu Hanifah, chief of the Foreign Affairs Ministry's U.N. and U.S. Department, and Dr. Sutan Hamid Rasjid, head of the Political Department.

The Republic's View of the Trusteeship Problem

Speaking before the United Nations General Assembly's Fourth Committee November 24, Dr. Ali Sastroamidjojo called for a re-examination of the

Trusteeship Council's approach to the whole Trusteeship problem, and at the same time pointed the way to positive help for preparing the people in trust territories for independence by offering a group of six fellowships financed by the Indonesian government. Four of the fellowships will provide for study in Indonesia of such subjects as Adat or Customary Law, Social Anthropology, Archeology and the Indonesian Language. Two of the fellowships will be for study anywhere outside Indonesia in technical and social-economic fields. The Ambassador noted that such nations as Burma, India, Indonesia, Pakistan and the Philippines are "in the position of being able to bring to the United Nations the most recent testimony, that colonialism, however enlightened it may be made to appear today, is no substitute for self-government or independence."

The Ambassador said that if these countries appear "at times to be impatient with the pace of development in the trust territories, it is only because of our awareness of the impatient feeling of the dependent peoples themselves in their desire for self-government or independence. History has shown that once this desire begins to grow, it will not wait for perfection to be achieved in economic development, education, or for that matter anything else. It would be a fatal error to suppose that after a certain point, the desire of a people to manage their own affairs can be greatly postponed simply by telling them they are not yet mature enough to do so... The extent to which material progress keeps pace with the desire for freedom is the crucial test of the International Trusteeship System and of colonialism itself."

Criticising the trusteeship procedures, the Ambassador declared, "I cannot see why it is impossible for any of the Administering Authorities to draw up development plans incorporating a time table for the eventual self-government or independence of their Trust Territories. Be it five, ten or twenty five years, it will in all cases have a salutary effect on the indigenous inhabitants of the Trust territories inasmuch as it opens to them the horizon of their independence." He also reminded the delegates that "without nationalism, none of us would be sitting around this table."

The Ambassador emphasized. "...I cannot lay enough stress on the necessity of giving the indigenous inhabitants of the Trust Territories the opportunity of obtaining managerial skill and technical know-how by promoting their participation in the productive process of the Territories concerned."

VII. MR. MOEKARTO: U.N. NEEDS "REBIRTH OF ENLIGHTENED REALISM"

In a major address before the plenary session of the General Assembly November 11, Foreign Affairs Minister Moekarto warned the assembled delegates that the "new spirit (of) realistic idealism or enlightened realism" that animated the charter members of the U.N. at San Francisco was, it seemed, "fleeting." He noted: "We are filled with great anxiety, sometimes even with a sense of frustration."

The Foreign Minister was outspoken in expressing Indonesia's concern over the change in the spirit of the U.N. "It is difficult," he said, "to recapture today the sense of hope and optimistic expectation which this organization at its inception inspired among the submerged peoples of the world who foresaw a

rapid end of political domination, economic exploitation, social degradation and cultural frustration.

"Despite sincere and repeated affirmations by representatives of sixty nations....of the continued desire of their peoples for peace and the opportunities for self-fulfillment for all, the Charter is often appealed to in vain; the implementation of many of its provisions is notable for its absence in many parts of the world; other provisions have been interpreted in what amounts to a distortion of their original intention. We still hear reiteration of the noble phrases and sentiments first voiced seven years ago, but their continued repetition in a near vacuum of action gives them, at times, the unreality of the Cheshire Cat's smile, "Mr. Moekarto said.

Some Notable Successes

The head of Indonesia's U.N. Delegation paid tribute to the "notable successes" of the United Nations' special agencies. But, he pointed out, similar agencies of the old League of Nations at Geneva also did excellent work. Yet this did not ensure the survival of the League or prevent World War II.

If -- "although we are reluctant to admit it" -- the U.N. showed signs of deteriorating like its predecessor, it was because "it is attempting to function in the midst of a retrogression to the very power conflicts and alliances it was set up to supersede, he emphasized.

Mr. Moekarto then declared:

"Two hostile blocs led by two nations who were most instrumental in the creation of this Organization now face each other across a barrier which neither can bring itself to bridge. One result is that basic action envisaged by the Charter, such as disarmament, has been constantly thwarted. We witness instead an armaments race vaster and more terrifying than anything that has gone before. And the large powers, ignoring the principle which gave them their added special privileges within the organization, use these privileges to further their own ends while failing in carrying out their responsibilities to exercise their power jointly and cooperatively to further the aims of the Charter. They play their game of chess on the board of the United Nations, constantly seeking to checkmate each other. And the smaller nations who become the pawns in this game are expected to do little more than deplore and exhort."

The Cold War

The Indonesian statesman reminded the delegates that almost every issue coming before the U.N. was being dragged into the context of the cold war. "Fewer and fewer have become the debates on the merits of the problem under discussion," he said. "More and more has the cold war cast its baneful shadow over the deliberations of this Organization. It would be almost comic, were it not so tragic, to see how accurately can be predicted the positions of many countries on a given issue on the basis of their situation vis-a-vis the so-called East-West conflict.

"In this atmosphere where it is apparently no longer fashionable to analyze issues on their merits and strictly in accordance with the Charter, Indonesia has steadfastly attempted to do so," he said. Recalling that Indonesia's independent policy -- declining to align itself with either bloc -- had been termed unrealistic, Mr. Moekarto asked: "Is not the abdication by the big powers of responsibility to preserve peace and security more unrealistic? Is not the sacrifice of genuine issues upon the altar of the cold war the height of unrealism?"

Indonesia's Objectives

Turning to Indonesia's role in the U.N., Mr. Moekarto outlined the Republic's objectives in the current session of the General Assembly:

- "We intend to contribute our utmost toward attaining the peaceful unification of Korea."
- Indonesia will work for a rapid solution to the impasse blocking the admission of various countries to the U.N. "We deplore to see applicants refused admission because either power bloc has suspected that they might support the other."
- "...We firmly intend to assert, in common with other Asian and Arab nations, the questions of Tunis and Morocco."
- "...We will continue to press for concrete action on the policy of apartheid pursued by the Union of South Africa."

The Foreign Affairs Minister said Indonesia looked forward "with great optimism" to continued action in the sphere of economic development. He praised the work of UNICEF, WHO, ICAO and the other specialized agencies of the U.N. He said the job they had done in Indonesia had given "visible evidence to our people that this Organization is still a living entity fulfilling part of the promise of the Charter."

Technical and economic assistance alone would not enable the under-developed countries to achieve balanced economies, he said. Consequently these countries have "advocated a more comprehensive international approach to the financing of economic development and the creation of additional international institutions for its application."

Mr. Moekarto concluded:

The United Nations' Task

"A realistic solution of both the economic and political issues facing this Assembly requires a re-birth of the spirit of enlightened realism which attended the birth of this Organization.... Time itself challenges the members of this Assembly to observe the principles of the Charter faithfully; to view each issue brought to their attention on its merits strictly in relation to the Charter; to show as fervent devotion to its observance nearer home as they show concern for its violation at a distance; to endeavour to remove the impediments to self determination and the enjoyment of basic human rights with conviction and

without evasion; to rearm for a war against poverty, starvation and disease instead of for a military war against each other; to do these things not only with words and speeches but with deeds and actions. For the measure of the desire for peace is not what one says about it, but what one does to attain it."

VIII. MIDYEAR ROUND-UP

Foreign Relations

Unofficial reports from Djakarta December 13 said Indonesia had arrived at an agreement "in principle" with the United States on a new plan covering American economic assistance to the Republic. The new arrangement would replace the MSA pact under which Indonesia was to receive \$8,000,000 worth of aid from the United States.

Former Foreign Minister Dr. Achmad Subardjo declared November 20 that his "roving mission" to the countries of the Middle East had been a success. He saw "new prospects for closer cooperation between Indonesia and the Middle East nations in political, economic, and cultural matters."

Ambassador and Madame Ali Sastroamidjojo flew to Mexico City November 27. Dr. Ali represented the Republic of Indonesia at the December 1 inaugural of Mexico's new President, Adolfo Ruiz Cortines.

Mr. Abdoel Hamid, the Republic's first Consul at San Francisco, arrived in that city September 6. The other Indonesian Consular office in the United States is its Consulate General in New York.

Economic News

In an advance release of the budget figures to be submitted to Parliament, Finance Minister Dr. Sumitro Djojohadikusumo disclosed that Indonesia's 1953 budget would show a deficit of 1,794 billion rupiahs. This was about two billion rupiahs less than the 1952 deficit. The estimated state income for 1953 was 7,296 billion rupiahs, as opposed to the 1952 income of 11,750 billion.

(NOTE: The Government encouraged private business in Indonesia by abolishing the Foreign Exchange Certificate system earlier in 1952. This move cost the state approximately two billion rupiahs in revenues. The new "inducement" system made up only about 700 million rupiahs of this amount. Another factor in reducing state revenues was the substantial cut in income tax rates retroactive to January 1, 1952.)

In 1953, there would be a significant curtailment of Government spending in Indonesia, Dr. Sumitro indicated. The 1952 outlay was 2,861 billion rupiahs. Expenditures would come to 1,747 billion in 1953 -- a slash of nearly one-third. Despite the reduction of state income, Indonesia would continue to place emphasis on its national reconstruction program, the Finance Minister said.

A new dam was officially opened in the second week of October at Lebak

Tanah Mas in the lowlands of South Sumatra. The 218,000 - rupiah dam, financed by the Agricultural Ministry will help control floods and draughts over an area of 500 hectares. Five per cent of the area had been affected annually by flood and draught. Every four or five years the damage came to 25% of the output. In his address, the Governor of South Sumatra said he hoped the province would be able to supply its own rice requirements "very soon." At present South Sumatra has to import about 50,000 tons a year.

News from Indonesia in November told of increased sugar production. Agriculture Minister Mohamad Sardjan was quoted as saying that Indonesia might export 60 to 70 thousand tons of refined sugar this year, as opposed to only 6,000 tons in 1951. Next year, he predicted, the figure would reach 200 thousand tons. He attributed the increase to an improvement in security conditions, harder work, and the wider use of modern machinery.

A new plant manufacturing toothpaste tubes was opened early in December at Surabaya. Its capacity was 20,000 tubes a day. This output was to be considerably increased in 1953.

Plans to build a penicillin factory in Djakarta were completed by the Ministry of Health. The factory, to cost thirty-five million rupiahs, will be ready in 1954 and will include central godowns for the Ministry of Health and a modern laboratory.

Djakarta's English-language daily Times of Indonesia published an extract from the Java Bank's abridged balance sheet of November 12 to provide a snapshot of Indonesia's financial condition. As of that day the nation had an adverse trade balance amounting to 729 million rupiahs. The amount of paper money in circulation had reached a figure of 4,075 million rupiahs. A gold reserve of 1,062 million rupiahs provided a coverage of 25%. Java Bank loans to the Government totalled 3,553 million rupiahs.

<u>Date</u>	<u>Money in Circulation</u>	<u>Foreign Exchange</u>	<u>Gold Reserve</u>
January 1, 1950	Rp 1,928 million	minus Rp 791 million	Rp 471 million or Rp 575 " new rate
December 27, 1950	2,771	--	--
December 31, 1950	--	plus Rp 223 million	Rp 791 million
January 3, 1951	2,818	--	--
December 31, 1951	3,411	plus Rp 222	Rp 1,060 million
November 12, 1952	4,075	minus Rp 729	Rp 1,062 million

Education

The Semarang daily Kedaulatan Rakyat reported that Gadjah Mada University in Jogjakarta had an enrollment in 1952 of 4,457 students. The law faculty and the schools of social, economic and political science had a total of 2,064 students

including 247 women. The medical, dental and pharmacy schools enrolled 794, with 154 women. There were only 33 women among the 760 students at the university's technical school, but in the faculty of the arts, education, and philosophy they comprised more than a quarter of the student body, 187 out of 461 students. Gadjah Mada's agricultural school was attended by 325 students, with five women.

The government of West Germany presented a selection of textbooks to the Education Ministry. They were to be used in elementary, secondary, and university courses.

The Republic's Sixth Agricultural College was opened at Medan, East Sumatra September 1 by Gunung Uskandar, secretary-general of the Ministry of Agriculture. Like all new schools in Indonesia, the Medan institution had many more applicants than it was possible to accept. Out of 500 applicants, fifty were selected for the first course.

WHO in Indonesia

On the eve of the Southeast Asia WHO (World Health Organization) Conference beginning September 3 in Bandung, Dr. Mani, chief of WHO, disclosed the following achievements of the U.N. agency in Indonesia during the past two years. (a) In the anti-framboesia (yaws) campaign, WHO's specially trained teams have ministered to 400,000 patients and examined 2 1/2 million persons. (b) Two WHO experts are attached to the Djakarta Food Institute, which is now being expanded. (c) WHO is assisting the Indonesian Government in an experimental anti-malarial campaign featuring the use of DDT. (d) The organization is carrying out a program to establish welfare centers and train Indonesian cadres to operate them. (e) The Bandung Training Center for the fight against TB is being set up with the advice and assistance of WHO. (f) Nineteen WHO fellowships have been awarded to Indonesian doctors and health workers enabling them to receive advanced training abroad.

Congress of Indonesian Doctors

Indonesia must have more medical doctors, and soon, the congress of the Indonesian Doctor's Association was told in mid-December by Dr. Suharto of the organization's policy-making central committee. More than one hundred doctors, public health officials, and professors from Indonesia's medical schools attended the Bandung meeting. Dr. Suharto told the congress that there were no more than 1,400 physicians in all of Indonesia. About one-quarter of this number were foreign doctors. No more than half of the physicians were in Government service. This added up to one doctor for every 50 - 60 thousand persons in Indonesia, and one Government doctor for every 100,000 - 120,000.

Most of the 1,400 Indonesian doctors had been practicing for more than ten years, Dr. Suharto pointed out. Assuming a normal death rate, there should be at least 110 new doctors graduated every year from Indonesia's medical schools, he said. But this would only be enough to maintain the present unsatisfactory state of affairs. The medical schools were currently able to turn out a maximum of 35 to 60 graduates per year. Hence, something would have to be done.

"Let us not speak of one doctor for every thousand inhabitants for the

coming generation. This figure is often considered an international standard. But if we wish (even) to have one doctor for every 30,000 inhabitants in 1962 we should need to turn out 200 new doctors every year from now on," Dr. Suharto declared.

He suggested one solution: if Indonesia lacked the facilities for training doctors, students should be sent abroad for undergraduate as well as graduate study. He thought all medical students should have scholarships. He wanted to see the period of medical study shortened. "The present system of medical education in Indonesia is a copy of the Netherlands system," he said. "The Dutch system is good, but it is a luxury for Indonesia today, for this country faces difficulties in following the system, while at the same time it needs many doctors."

Dr. Suharto approved the Government's policy of trying to obtain foreign doctors for Indonesia. He agreed that it would be reasonable to pay them high salaries. But these salaries should not be a great deal larger than those of Indonesian doctors. He spoke of a surplus of doctors in the Philippines, and wondered why some of them had not been attracted to Indonesia.

He gave the central committee's program for increasing the number of doctors in Indonesia:

1. A state commission should be appointed. It would have five members, representing (a) the Health Ministry (b) the Education Ministry (c) the University of Indonesia and Gadjah Mada University (d) Parliament (e) the central committee of the Doctor's Association.
2. This commission would try to work out a method of shortening the period of medical study.
3. It would work out a plan for setting up medical faculty cadres to be trained in Indonesia and abroad.
4. It would study "the position of foreign doctors in Indonesia."
5. It would set up a means of controlling (a) standards of medical education in Indonesia, and (b) the conduct of doctors in the exercise of their medical duties.

In another address to the congress, Health Minister Dr. J. Leimena called on the nation's doctors to set an example to the Indonesian people during "the most crucial period in Indonesian history." He said there must be a "sound understanding" between the doctors and society. "The anti-malarial campaign is only one of the many examples of the manner in which modern scientific methods might be of great use in the interest of the people," he declared. "I have said more than once: give us time, personnel and equipment, and we will do the job."

Dancers of Bali

A major event of the American theater season was the nation-wide tour of the first company of dancers and singers from the island of Bali ever to

perform in the United States. The group of 45 artists, including a complete gamelan orchestra, was flown to the United States from Bali. The New York engagement, originally scheduled for four weeks, was extended to nearly three months. The troupe performed in Boston, Washington, Chicago, Cincinnati, Cleveland, Los Angeles, San Francisco and many other cities.

The New York critics gave the Dancers of Bali enthusiastic reviews. John Martin of the Times called the show "beautiful, gorgeous to look at, stunning to listen to, full of vivacity and completely off the beaten track." Herald Tribune critic Walter Terry saw "beauty everywhere. Beauty of movement and beauty of sound, beauty of color and beauty of spirit." Robert Coleman of the daily Mirror wrote: "A visit to the Fulton (Theater) is imperative for those who wish to enlarge their artistic horizons."

IX. PROGRAM FOR THE NEW YEAR

Indonesia's leaders and its people looked into 1953 with confidence that the Republic's fortunes would improve steadily in the months to come. Economically, 1952 had not been a good year. In other respects, notably on the fronts of education and medicine, the country made strong gains. There was a four-billion-rupiah deficit for the year that would necessitate slashes in Government spending during 1953. On the other hand, more roads were being built, more dams, irrigation systems, and bridges were under construction than ever before. More children were going to school. Dramatic progress in the literacy drive was revealed by Government statistics. They showed that 25% of the Indonesian people could now read and write.* Unofficial reports said the figure was about 46%.

In a message to Parliament, Finance Minister Dr. Sumitro Djojohadikusumo told the legislators what the Government would try to accomplish in 1953. He listed the top priorities (apart from the election), with emphasis on national reconstruction:

1. Increase food production.
2. Build new roads and repair old ones.
3. Develop local Indonesian industries.
4. Continue the transmigration program, redistributing the population from over-crowded Java to "pioneer" areas of Sumatra, Borneo, and Celebes.
5. Stepping up the education program, with emphasis on the literacy drive.

The Finance Minister noted that since 1951 Indonesia's economic position had been affected by a decline in the prices of its exports on the world market. The nation's basis for economic development was still narrow, he said. It was estimated that the Government had spent about 17,562,895,000, rupiahs in 1952, Dr. Sumitro went on. For 1953, expenditures were expected

* At the end of the colonial period in 1945 only 6% of the Indonesian people were literate.

to be cut by more than four billion rupiahs to about 13,216,096,000. Defense was the main item on both budgets -- nearly four billion rupiahs in 1952, nearly three billion for the coming year. He gave the estimated budget deficit for 1952 as 4,326,969,000, and for 1953, 1,793,985,000 rupiahs.

President Soekarno Speaks at Parliament Opening

Parliament reopened January 8. Members of the diplomatic corps observed the proceedings, as 141 members of the national legislative body heard President Soekarno urge the Indonesian people to make greater sacrifices to build up their nation. Independence brought with it great responsibility, he said. Freedom would endure and have real meaning only if everyone exerted himself to the fullest every working day, hour, and minute to make Indonesia strong -- even if it took several generations to complete the task, the President declared. He added: "A state does not come into existence merely by being proclaimed."

The chief of state expressed satisfaction in the Republic's independent foreign policy. He approved particularly the support Indonesia has given "colonial and semi-colonial countries" in their fight for freedom. These and other foreign-policy activities "are in harmony with her obligations to the community of nations and her own national interests," he said, as quoted by Radio Indonesia. He noted that Indonesia now had 37 diplomatic missions in foreign countries, including the new legations in Italy and West Germany.

He revealed that Indonesia and the United States had reached an aid agreement to take the place of the Mutual Security Aid (MSA) pact of January, 1952.

Always in the forefront of the West Irian dispute, President Soekarno once again emphasized Indonesia's determination to "continue the struggle for de facto inclusion of West Irian in the Republic of Indonesia."

The President emphasized the close cooperation that has been set up among the Asian and African countries within and outside of the framework of the United Nations. "Also, with other countries, we maintain good cooperation and are strengthening our ties," he declared, according to Radio Indonesia.

Radio Indonesia reported that President Soekarno told Parliament: "The Government is continuing its efforts to democratize regional administration in order to implement....basic principles....contained in our Constitution." This was a reference to the Government policy of granting a larger share of autonomy to areas outside Java.

He made special mention of the transmigration program -- the shifting of thousands of Indonesians (on a voluntary basis) from overcrowded Java to sparsely settled areas in Sumatra, Borneo, and Celebes. These settlers were given tracts of land and subsidized by the Government until they could get their enterprises underway. This "distribution of productive manpower over the entire Indonesian archipelago," President Soekarno said, "must be connected primarily with the (national) reconstruction effort."

The Government would not slacken in its efforts to encourage Indonesian

business. "Action toward the establishment of big and small enterprises will be continued in 1953," the President said.

He was gratified that the Election Bill had been sent to Parliament before the end of 1952, and said he hoped general elections would be held very soon.

X. PARLIAMENT PASSES GENERAL ELECTIONS BILL

The way to Indonesia's first general elections was cleared April 1 when Parliament passed the final amendment to the elections bill first submitted by the Government last November. The bill, made up of 133 articles, covers elections to a Constituent Assembly and Parliament.* Home Affairs Minister Dr. Mohamad Roem said that registration of voters would begin in July, and that the elections would be held ten months later. Cost of the forthcoming elections was estimated at 350,000,000 rupiahs.

In the last week of March the Home Affairs Minister had told the United Press that elections would give the Government the necessary strength to carry out a positive program, and would "add stability" to the administration. He said Parliament was trying to work out "a perfect election law". Dr. Roem believed there were fifty million eligible voters in the nation out of a total population of about eighty million. The minimum voting age would be 18, he said, except that married persons of any age would be permitted to vote.** Women had equal voting rights. The voters would elect about 500 representatives to the Constituent Assembly and 250 members of Parliament. Dr. Roem said fifty million registration cards had already been printed.

Meanwhile the Information Ministry was beginning a drive to make the Indonesian people election-conscious. The campaign would make use of radio, movies, posters, pamphlets and lectures. The national radio network, Radio Republik Indonesia, was to be especially active. RRI had a one-hour program every week devoted to election information. In the months to come, this campaign would be intensified.

XI. THE FINANCIAL OUTLOOK & ECONOMIC NEWS

Finance Minister Dr. Sumitro Djojohadikusumo declared January 16 that Indonesia's immediate financial future depended on (a) the expense-slashing budget policy being carried out (b) "harmonizing" the nation's monetary policy with its budget requirements (c) particularly important -- evolving a labor policy to stimulate productivity.

* The current Indonesian Parliament is provisional. Its members were appointed by the political parties, according to a system of proportional representation established by a presidential committee.

** A great many Indonesian girls marry at the ages of 15-17. Men generally marry when they are 20-25 years old.

Indonesia's foreign currency and gold reserves were estimated by Dr. Sumitro to amount to about 3,700,000,000 - 4,000,000,000 rupiahs. The Republic's total budget deficit was 1,800,000,000 rupiahs. These funds would cover all but 500,000,000 rupiahs, which would have to be made up by increased production, Dr. Sumitro declared.

Capital expenditures accounted for the entire deficit, excepting 131,000,000 rupiahs. Of 1952's 4,000,000,000 rupiah deficit, capital expenditures were responsible for 2,900,000,000 rupiahs. The cost-of-maintenance deficit came to only 137,000,000 rupiahs, about one billion less rupiahs than the year before.

Dr. Sumitro emphasized that the Government was not going in for mass dismissal of personnel in order to achieve its economies. But costs were to be cut drastically. He said the Government would put an end to the "squandering of material" that had added heavy expenses to the national administration in recent years.

An Increase in Imports

Indonesia has once again built up a favorable balance of trade, and will issue import licenses up to an amount of two billion rupiahs in the next three months, Java Bank President Dr. Sjafruddin Prawiranegara declared March 12. This amount will include Government as well as private imports, he said.

Coming back from a total foreign exchange deficit of 2,430,000,000 rupiahs in 1952, Indonesia had a foreign exchange surplus of 171 million rupiahs in January and 186 million rupiahs last month. This two months' surplus was the basis of the Government's decision to increase Indonesian imports, Dr. Sjafruddin said.

Last year, the Java Bank President disclosed, Indonesia's deficit in foreign trade grew from 281 million rupiahs in the first quarter to a 443 million rupiah deficit in the second quarter. The third quarter of 1952 produced a deficit of 1,328,000,000 rupiahs. Restrictive measures held the deficit for the final quarter of the year to 378 million rupiahs.

Dr. Sumitro and Mr. Sumanang Tell Parliament...

Economic Affairs Minister Sumanang and Finance Minister Dr. Sumitro Djojohadikusumo made statements on the Government's economic and financial policy before an April 1 plenary session of Parliament.

Radio Indonesia reports that they answered parliamentary criticism of Government policy with special reference to (1) an upward trend in prices, and (2) the import regulations recently put in force. Mr. Sumanang told Parliament that economic and financial problems could not be separated. He said that Indonesia's financial position required further economizing of foreign exchange, and continued restrictions on imports of non-basic goods. He said the Government's economic policy was directed mainly toward safeguarding the supplies and prices of primary goods such as rice, salt, and salted fish. He noted that the Government's price-stabilizing policy had brought about a drop in rice prices, although the prices of other (non-basic and imported) goods had increased.

Mr. Sumanang discussed the "laissez faire" agreement with foreign oil companies, and said the Government did not in "principle" approve of it. (This agreement provides for the free use of foreign exchange from the proceeds of oil exports). The let alone pact with Standard Oil expired at the end of 1951. This brought 40% of Indonesia's oil under foreign exchange control of the Government. The agreement with the BPM Oil Company of the Shell group would end January 1, 1956, and that with the Caltex Oil Company on January 1, 1954, he said. He did not indicate what the Government's policy would be when these agreements expired.

Finance Minister Sumitro defended the Government's monetary policy. He attributed the drop in state income to decreasing exports caused by the slump in the prices of Indonesian exports on the world market. He cited rubber, tea, copra, tobacco, pepper and sugar as exports that had "deteriorated." The drop in the exchange rate between the rupiah and foreign currency could be traced, again, to lower world market prices for Indonesian exports plus higher prices of industrial goods abroad, he said.

The Critical Situation for Natural Rubber

Rubber is Indonesia's main export. The nation's economy is strongly affected by the volume of its rubber exports and the price of rubber on the international market. For months Indonesia has seen the price of natural rubber dwindle, a decrease caused mainly by heavy United States production of synthetic rubber. On May 4 Ambassador Ali Sastroamidjojo presented a note to the U.S. State Department, expressing his Government's concern over the critical situation for natural rubber. The note emphasized in particular: "The disposal of the synthetic rubber facilities by the United States to private interests will have a great effect upon the political and economic stability of Indonesia...." Indonesia asked fair competition between natural and synthetic rubber.

At the conference of the International Rubber Study Group at Copenhagen, Indonesia championed the "buffer stock" plan. This was opposed by the United States. It provided for a pool stock. Rubber would be purchased by the Group when prices fell too low. When prices were too high it would be released on the market. The idea was to prevent too extreme fluctuations.

The buffer stock plan was not accepted at Copenhagen, despite strenuous efforts on its behalf by Indonesia and other producer countries. This, plus the fact that rubber prices continued low, gave the Republic little alternative but to find other outlets for her rubber. The Government may, said the Djakarta news cable, "send trade delegations to countries hitherto not having rubber trade with Indonesia." If this happened, for example, with the countries of Eastern Europe it would not represent a political change, but an economic one, brought on by necessity. Djakarta sources say that Indonesia cannot continue selling its rubber at prevailing low prices. Quite apart from political considerations, it may become necessary to look for new trading opportunities.

The Java Bank Becomes the Bank of Indonesia

The Djakarta news cable reported July 2: "Stone masons this morning are busy chiseling out the name of the Java Bank which has become the Bank of Indonesia since yesterday...." Director Lukman Hakim was quoted as saying

that there would be no major changes in the work or organization of the institution. The Bank of Indonesia would henceforth be the nation's official circulation bank. Finance Minister Sumitro said in Makassar June 30 that 98% of the stock of the bank was in Government hands.

The original draft statute provided that the Bank of Indonesia will be under the management of a Board of Directors. Members of the board must be Indonesian citizens. They in turn will be under the 3-man Monetary Council, which will have wide powers in laying down general policy. The Finance Minister is to be chairman of this Council. The other two members are the Economic Affairs Minister and the Governor of the Central Bank. The Monetary Council is to determine general monetary policies, including discount and open market policies, the total volume of credits, subdivision of special credit groups, and the supervision of the credit system. The Council will also take charge of State foreign exchange. The work of the Foreign Exchange Institute will be transferred to the Bank of Indonesia.

The Bank's Board of Directors will have the job of carrying out the monetary policy as it is determined by the Monetary Council. In specific matters, such as granting, refusing, extending, limiting and terminating credits, the Board has full power. The Bank will put out condensed balance sheets every week. The Board will publish an annual report with the advice of the Monetary Council.

The draft statute provides for an Advisory Council, consisting of representatives from private business as well as Government enterprises, to assist the Monetary Council. In reply to a question, Dr. Sumitro said it was not "a priori impossible" that non-Indonesian enterprises might have representatives in this advisory group.

XII. FOREIGN RELATIONS

Indonesia's foreign policy, as it has been carried out by Foreign Affairs Minister Moekarto, was praised early in April by Djodi Gondokusumo, chairman of Parliament's foreign affairs section. The legislator declared that Mr. Moekarto's conduct of policy "has resulted in Indonesia's becoming more known abroad as a nation having a steadfast, independent foreign policy." He listed these major achievements of the Foreign Affairs Ministry in the past year:

- (a) Substituting the TCA agreement with the United States in place of the old MSA pact. (MSA contained the suggestion of a military commitment in return for American aid.)
- (b) Freezing the San Francisco Peace Treaty with Japan. (There had been parliamentary opposition to this treaty signed by former Foreign Affairs Minister Dr. Subardjo. As a consequence of the "freezing", the treaty has neither been ratified or rejected by Parliament.)
- (c) Gaining an added measure of economic independence from Holland by arranging direct trade with the nations of Western Europe.
- (d) Opening diplomatic relations with West Germany.

(e) Furtherance of "close neighborly relations" with Asian countries.

(f) Bringing Indonesia into the Colombo Plan.

The foreign affairs chairman considered these tasks "still undone":

(a) Change the status of the Indonesian-Netherlands Union.

(b) Open an Embassy in Moscow.

(c) Return the disputed territory of West Irian (New Guinea) to Indonesia.

(d) Open diplomatic relations with Japan.

Indonesia and the United States

Indonesia concluded a new aid agreement with the United States January 12. The pact provided for continued American economic and technical aid to Indonesia, but discontinued military aid on a grant basis. Henceforth, Indonesia would pay for, rather than receive as a grant, any military equipment it might obtain from the United States. Djakarta dispatches said the aid might total \$5,000,000 this fiscal year for education, food production, public health, and industrial engineering and development projects.

Three influential Indonesian newspapers expressed satisfaction with the new pact, although they noted that the amount of aid in itself was not significant. Abadi thought that the willingness of the United States to replace the controversial MSA pact with the TCA agreement (which contains no suggestion of a political or military commitment) was an "indication" that America understood the Republic's independent foreign policy. Pemandangan welcomed the new agreement, and said the MSA problem was now settled. Pedomani remarked that the aid involved such a small amount that "it would have been better if America had increased the prices of more Indonesian materials like rubber and tin by a few cents per kilo. Even so, this Socialist party paper looked with favor on the new pact.

Following the January 12 announcement of the agreement, Foreign Affairs Minister Moekarto said that American aid had been of great importance in Indonesia's reconstruction. He hoped that future aid, under the new arrangement would also prove to be useful. On January 20 President Soekarno cabled "sincerest congratulations and best wishes of the Indonesian people" to President Eisenhower.

H. Merle Cochran, first United States Ambassador to the Republic of Indonesia, left Djakarta by plane February 27 to return to his own country. He had resigned February 10 to accept the new post of Deputy Managing Director of the International Monetary Fund.

The Djakarta daily Merdeka declared that Mr. Cochran had made a valuable contribution to Indonesia's struggle for independence. As a member of UNCI (the United Nations Commission for Indonesia), he had continued the good work begun by Dr. Frank Graham, the paper said. Merdeka noted that the Republic's international position became much stronger after Mr. Cochran gave his report on the second Dutch military action in December, 1948.

"Cochran will leave many friends in Indonesia," the editorial went on. "He can be satisfied with this part of his career because he succeeded in doing good work for this country. Despite a political atmosphere which was by no means ideal for American-Indonesian relations, and which was often overshadowed by suspicion of American motives, Cochran was successful in preserving and defending good relations between Indonesia and the U.S.A."

Indonesia and Holland

Traveling through eastern Indonesia on an inspection trip, President Soekarno learned February 4 at Makassar, Celebes of the storm and flood catastrophe that had struck the Netherlands, Great Britain and Belgium. He promptly issued this statement:

"I am deeply moved by the disaster in West Europe. I can well imagine the misery of the afflicted and extend my sympathy in their distress. I hope that with united endeavors their misery can be assuaged. In their feelings of sorrow and grief, the Indonesian people know no political differences. We are all children of God."

Prime Minister Wilopo cabled the Prime Ministers of Holland and Great Britain February 5 conveying the Indonesian Government's "deepfelt sympathy" for the victims of the floods. The Djakarta daily Pedoman and weekly Siasat made sizable contributions to the Netherlands committee in charge of raising relief funds for the disaster areas. As early as February 5 two planes left Djakarta for Amsterdam carrying four and a half tons of relief supplies including tea, rice, blankets and clothing.

* * * * *

The Indonesian Government decided that the services of the Netherlands Military Mission in Indonesia will not be needed after this year. Indonesian and Dutch representatives began talks March 26 in Djakarta to end the agreement covering the Mission's activities. (The agreement was signed in November, 1950. It expires December 31, 1953.)

Indonesian delegation chief Ruslan Abdulgani, Secretary-General of the Information Ministry, expressed the Republic's appreciation for the Mission's help in raising the technical standards of the Indonesian Armed Forces. He said that ending the Mission's work in Indonesia did not diminish Indonesia's readiness for "voluntary cooperation" with the Netherlands. The form of such cooperation would take into account "realities now developing within the Indonesian community," he declared. A very young nation, he said, had a strong desire to stand on its own feet, or at least reduce to a minimum the amount of aid it received from other countries.

Baron Van Ittersum, head of the Netherlands delegation, replied that the Indonesian Government's decision coincided with the desire of his own government to withdraw the military specialists from Indonesia and use them elsewhere.

Foreign News Round-Up

---- By a vote of 82-43 April 10 Parliament approved the Rondonuwu Motion calling for the opening of an Indonesian Embassy in Moscow before the end of 1953. Actually, all parties favored establishing the Embassy, but the Masjumi, Catholic, and Democratic parties did not believe it should be done just yet. It had been pointed out during debate on the motion that even the countries aligned against the Soviet Union in the cold war had representation in Moscow. For Indonesia not to be represented there was inconsistent with the Republic's independent foreign policy, the majority of the legislators believed.

----Indonesia and Japan were still unable to agree on the amount of reparations the Japanese should pay the Republic for damage done to Indonesia during World War II. In 1951 the two countries reached an interim agreement on the form these reparations should take. Japan was to pay primarily in goods and services. How much she would pay remained a question. Communications Minister Dr. Djuanda, who headed the Indonesian delegation to Tokyo, said February 24 that no one knew when reparations talks would be resumed.

----Indonesia is still legally in a state of war with Germany, The Foreign Affairs Ministry said March 3. In an official statement, the Ministry explained: "When Holland was occupied by the German Army on May 10, 1940 the former Netherlands Indies, as part of the Netherlands Kingdom, entered into a state of war with Germany. The Republic of Indonesia as the legal successor of the former Netherlands Indies is automatically, therefore, in a state of war with Germany."

The clarification followed a statement from Bonn February 27 that Germany and Indonesia were never at war. The two conflicting views arose out of an economic question. The West German trade mission in Djakarta reportedly asked that Germany's prewar holdings in Indonesia be returned to her. (Value of this property was estimated at 64 million rupiahs). Indonesia's view was said to be that Germany's invasion and occupation of the Netherlands caused considerable indirect damage to the "Indies". The amount of damage might well be considered (at a future peace conference) roughly equal to the value of German property taken over in Indonesia, Djakarta sources suggested.

----Dr. Darmasetiawan, Secretary-General of the Foreign Affairs Ministry, died in Djakarta March 7 one week after undergoing an appendicitis operation in the capital's General Hospital...Dr. Sudjono, Indonesia's first Ambassador to Brazil, left Djakarta April 1 for Rio de Janeiro. He was formerly head of the Republic's diplomatic mission in Tokyo....It was announced in April that Arnold Mononutu, Information Minister in the Sukiman and Wilopo Cabinets, will go to Peiping as Indonesian Ambassador to China.

XIII. INDONESIA'S LEADERS SPEAK...

In the first part of 1953 three of the Republic's top political leaders gave clear statements of the Indonesian viewpoint on various world and domestic issues.

President Soekarno declared in an Islamic Ascension Day address April 13 that Indonesia's foreign policy should not lead to isolationism and "exclusivism". This was not the Islamic way of thought, he said. Speaking to thousands outside Merdeka Palace, he urged Indonesians, according to the Djakarta news cable, to note the good side of both contending camps in the present world conflict. He suggested that Indonesia adopt the good influences (of foreign cultures), if they were in harmony with the life and religion of the Indonesian people. "Only in our beliefs is there no compromise," the President said.

Vice-President Hatta published an article, "Indonesia's Foreign Policy", in the April 1953 number of the American quarterly review Foreign Affairs. He explained:

"The Republic of Indonesia feels that it is its duty to strengthen the ideals of peace....It believes that these ideals will become reality in the long run. It believes in the common sense of mankind. Man, rational by nature, will eventually make a positive and definite choice of good over evil, peace over war. The discovery of weapons of war which become progressively more terrifying and destructive will strengthen man's love of peace....

"The Government must concentrate on the task of building up the nation and it must show evidence of economic and social betterment if it is to offset the influence of agitation by radical circles. A foreign policy that aligned the country with either bloc of the Great Powers would render this internal task infinitely more difficult."

In the United States Ambassador Ali Sastroamidjojo said April 8 in an address to the Rotary Club of New Orleans:

"As of January, 1953, American investments in Indonesia totalled fifty-eight million dollars. Among the companies doing business in my country are Standard Oil, Goodyear, International General Electric, General Motors Overseas Corporation, and Eastman Kodak."

"Today, Indonesia is a land of opportunity for foreign business. However, this opportunity is not of the laissez-faire variety, nor does it resemble the colonial-style opportunity to exploit a country without regard for the welfare of its people. There is good business to be done in Indonesia -- for those who look forward to making a fair profit, under the conditions set forth by the Government."

XIV. INDONESIANS AND AMERICANS

The Republic's Eighth Year of Independence saw Indonesians and Americans visiting one another more often. Scores of Indonesian students were in the United States, while American scholars, political leaders, businessmen and technicians could be seen in Indonesian cities and towns.

Chief Justice Robert G. Simmons of the Supreme Court of the State of Nebraska commented in August that the development of law in Indonesia seemed to have much in common with the growth of the United States legal system. Spvros P. Skouras, President of 20th Century Fox Films, made a brief visit to Indonesia early in November. He was received by President Soekarno and talked with leaders of the film industry. Henry R. Luce, publisher of Time and Life, was a visitor during December.

Mr. H. A. M. K. A. Amrullah, known by his pen-name HAMKA as one of Indonesia's and Southeast Asia's finest novelists, came to the United States in October as a guest of the State Department. The author, a prominent Moslem, said the purpose of his trip was to help bring about a better spiritual understanding between Indonesia and the United States. His favorite American writer: Pearl Buck. The most influential American novelists in Indonesia: Ernest Hemingway and John Steinbeck. Fifteen Indonesian labor union officials also arrived in the United States for a six-month course of study. Mrs. Supeni Pudjobuntoro, a member of Indonesia's Central Election Committee, studied the American presidential election. She was strongly impressed by the prominent role of women in the campaign.

One of Indonesia's top-ranking leaders, Hadji Agus Salim, arrived in the United States January 23 to give a series of lectures at Cornell University on "The Teachings and Philosophy of Islam" and "Islam as a Social Factor." The 68-year-old statesman, educator, and philosopher is known as the Republic's elder statesman. His role in Indonesia has been compared to that of Mr. Bernard Baruch in the United States.

Indonesian-American cooperation in trade relations was emphasized January 9 by Ambassador Ali Sastroamidjojo when he presented a citation to Mr. Marshall W. Tuthill on the Twenty-Fifth Anniversary of Tuthill and Company as agents for the Indonesian Government Banka Tin Sales Office. Retiring United States Ambassador to India, Chester Bowles, visited Indonesia for seven days late in March. He said he hoped to get a look at some facets of the Republic's economic system and see the working of its political system at the village level.

Adlai Stevenson was in Indonesia from April 9 to 13. He found that the Republic had made significant advances since it achieved independence, especially in education, housing, shipping, and organization of the Armed Forces. He predicted more harmonious relations between Indonesia and the United States, saying there were "many similarities" between the two nations. At his final press conference an Indonesian reporter said, "Mr. Stevenson, may I offer my deepest regret that you were not elected President of the United States." "Thank you, sir, thank you," he replied. "I'm sorry you're not a registered voter in the United States."

XV. WILOPO CABINET RESIGNS

The Cabinet of Prime Minister Wilopo resigned June 3 after its two major components, the Masjumi and Nationalist parties, failed in a last-minute effort to reconcile their differences over the Sidik Kertapati Motion calling for changes in the Government's resettlement and land program in North Sumatra. The motion was supported by the P.N.I. and strongly opposed by Masjumi. The North Sumatra program was being carried out by Governor Abdul Hakim under the direction of Home Affairs Minister Dr. Mohamad Roem, both Masjumi leaders.

---The North Sumatra lands in question were leased by the former Netherlands Indies Government to the Deli Planters. During World War II they were occupied by people from the area who remained through the struggle for independence and the post-war years. Under the current resettlement program the Government sought to move the squatters (giving them money and new farms) to neighboring areas and return the lands to their former operators for development. Resistance to this plan, and criticism of it in Parliament, led to the cabinet crisis.---

Masjumi demanded that the P.N.I. show solidarity with the Cabinet and support Home Affairs Minister Roem. The P.N.I. responded that its attitude was "in line with the spirit of the motion" of Sidik Kertapati. It proposed as a compromise that Dr. Roem be shifted from the Home Affairs portfolio. This was not accepted. The Cabinet then decided to resign before the North Sumatra question came before Parliament.

The Wilopo Cabinet came into office April 19, 1952. Its most important achievement was drawing up the General Elections legislation accepted by Parliament with minor amendments earlier this year. It was also responsible for the "inducement" system regulating Indonesia's imports.

There followed a prolonged cabinet crisis. Five attempts were necessary before a new Cabinet could be formed. The formateurs were (1) Dr. Mohamad Roem of the Masjumi Party and Nationalist Party (P.N.I.) leader Sarmidi Mangungsarkoro (2) Moekarto Notowidigdo of the P.N.I. (3) Moekarto again, with a revised mandate. (4) Burhanuddin Harahap of Masjumi (5) Wongsonegoro of the Partai Indonesia Raya (P.I.R.).

The appointment and final success of Mr. Wongsonegoro was precedent-breaking. It was the first time a small-party leader had been named to put together a Government. The move became necessary when the nation's two major parties proved unable to compromise their differences over key portfolios. They had also been divided on four major questions: (a) The land distribution problem (b) Disposition of the North Sumatra Oil Fields (c) Opening of an Indonesian Embassy in Moscow (d) Ratification or rejection of the San Francisco Peace Treaty with Japan.

XVI. DR. ALI SASTROAMIDJOJO HEADS INDONESIA'S NEW CABINET

Indonesia's 58-day old Cabinet crisis ended July 31 with the announcement that formateur Wongsonegoro of the Partai Indonesia Raya (Greater Indonesia Party) had succeeded in forming a 20-man Cabinet without the participation of the Masjumi Party, largest in the country. The new Government will be headed by Dr. Ali Sastroamidjojo, who has been Indonesian Ambassador to the United States since January, 1950. A member of the Nationalist Party (P.N.I.), Dr. Ali is considered a moderate nationalist. President Soekarno announced this complete Cabinet lineup:

<u>Prime Minister</u>	Dr. Ali Sastroamidjojo	P.N.I.
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1st Vice-Premier	Wongsonegoro	P.I.R.
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(NOTE: The P.I.R. is a conservative group, with considerable backing from the nation's civil servants. The 4th largest party in Indonesia, it gives three experienced, able administrators to this Cabinet.)

2nd Vice-Premier	Zainul Arifin	Nahdatul Ulama
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(Nahdatul Ulama is an orthodox Moslem group that used to be part of Masjumi. It is essentially conservative.)

Home Affairs Minister	Professor Hazairin	P.I.R.
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(Highly-respected educator, has taught law at several Indonesian Universities.)

Foreign Affairs	Sunarjo	P.N.I.
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(Veteran head of Parliament's foreign affairs section.)

Defense	Iwa Kusumasumantri	Progressive
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(The Progressives are a federation of non-party members of Parliament. Mr. Kusumasumantri was a colleague of the Prime Minister and Vice-President Hatta in pre-independence days.)

Finance	Ong Eng Djie	P.N.I.
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Economic Affairs	Iskak Tjokrohadisurjo	P.N.I.
	(Former Home Affairs Minister in the 1950-51 cabinet of Dr. Sukiman.)	
Agriculture	Sadjarwo	Peasants Ass'n
	(This party is non-communist left.)	
Justice	Djodi Gondokusumo	National Peoples Party
	(Splinter party, formerly with the P.N.I. - Moderate nationalist.)	
Communications	Abikusno Tjokrosujoso	P.S.I.I.
	(Small conservative Moslem party, formerly with Masjumi.)	
Labor	Professor Abidin	Partai Buruh
	(Able spokesman of Indonesia's non-communist Labor Party.)	
Public Works	Professor Rooseno	P.I.R.
Education	Dr. Mohamad Yamin	Non-party
	(An independent nationalist, Dr. Yamin was Justice Minister in the Sukiman Cabinet.)	
Health & Information ad interim	F.L. Tobing	United People's Party
	(Small liberal party)	
Agrarian Affairs	Mohamad Hanafiah	Nahdatul Ulama
Religious Affairs	Kyai Masjkur	" "
State Welfare	Sudibjo	P.S.I.I.
Social Affairs	Pandji Suroso	Parindra
	(Minister in many cabinets, moderate nationalist.)	

The new Cabinet has 114 sure votes in Parliament. In opposition will be Masjumi, the Indonesian Socialist Party, and the Catholic Party with 64 votes. The new Government's eight-point program will cover problems of Security, Finance, Economy, State Organization, Labor, Foreign Policy, and Indonesia's claim to Dutch-occupied West Irian (New Guinea).

